Index Sheet

Ope Id No 03061100

School Name GENESIS CAREER COLLEGE OF LEBANON

Subfolder Program Review/FPRD

Doc Type FPRD with Attachments

Rec Date

Org Date 11/28/2012

School Year 2012

ACN

PRCN 201240728042

Box ID 1479

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November 28 2012

Mr Richard J Bundy President Genesis Career Group Inc 2668 Ellwood Drive Atlanta, GA 30305

Tracking # 1Z A54 67Y 01 9277 5968

RE Final Program Review Determination

OPE ID 03061101 PRCN 201240728042

Dear Mr Bundy

The U S Department of Education's (Department s) School Participation Division – Kansas City issued a program review report on October 11, 2012 covering Genesis Career Group, Inc. s (Genesis) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U S C §§ 1070 et seq. (Title IV, HEA programs), for the 2011-12 and 2012-13 award years. The institution's final response was received on November 13, 2012

The School Participation Team – Kansas City has reviewed Genesis's response(s) to the Program Review Report. A copy of the program review report (and related attachments) and Genesis' response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Genesis upon request Additionally, this Final Program Review Determination (FPRD) related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued

Genesis' responses have resolved all findings. In addition Genesis has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, Genesis may consider the program review closed with no further action required.

Program records relating to the period covered by this program review must be retained until the later of the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C F R \S 668 24(e)(3)(1)] or the end of the retention period applicable to the record [34 C F R \S 668 24(e)(1) and (e)(2)]



School Participation Division – Kansas City

8930 Ward Parkway Suite 2028 Kansas City MO 64114 3392

StudentAid gov

Genesis Career Group Inc OPE ID 03061101 PRCN 201240728042 Page 2 of 2

If you have any questions please call Charles E Glasper at (816) 268-0437

Ralph A Lobosco
Division Director

Enclosure Program Review Report (with attachments)

Genesis Response to the Program Review Report

cc Shanna Frasier, Financial Aid Administrator Georgia State Board of Cosmetology Tennessee Board of Barber Examiners Tennessee Board of Cosmetology

START HERE
GO FURTHER
FEDERAL STUDENT AID

Prepared for

Genesis Career College-Dalton Campus

OPE ID 03061101 PRCN 201240728042

Prepared by
US Department of Education
Federal Student Aid
Kansas City School Participation Division

Program Review Report

October 11, 2012

Federal Student Aid, Kansas City School Participation Division 8930 Ward Parkway, Suite 2028, Kansas City, MO 64114-3392 www FederalStudentAid ed gov

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A Institutional Information

Genesis Career College Dalton 1309 Abutment Rd Dalton GA 30721-4685

Type
^ J F ⁺

Highest Level of Offering 1500 Clock Hours

Accrediting Agencies Tennessee Board of Barber

Examiners

Tennessee Board of Cosmetology

Georgia State Board of

Cosmetology

National Accrediting Commission

of Cosmetology Arts and

Sciences

Current Student Enrollment 115 (2011-2012)

Percentage of Students Receiving Title IV 90 43%

Title IV Participation [Source Department of Education Grants Management System (G5) and Common Origination and Disbursement System (COD)]

	Award Year	
	2011_12	2012-13
Federal Pell Grant Program	\$1 187 855 00	\$187 936 00
William D Ford Federal Direct Loan Program (Direct Loan)	\$1,286,276 00	\$221,321 00
Default Rate FFEL/DL	2009 3 0% 2008 4 3% 2007 0%	

B Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Genesis Career College Dalton (Genesis) from August 27 2012 to August 30 2012. The review was conducted by Mr. Charles E. Glasper and Mr. John Nading

The focus of the review was to determine Genesis compliance with the statues and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of but was not limited to an examination of Genesis' policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files attendance records, student account ledgers, and fiscal records

A sample of 30 files was identified for review from the 2011-12 and 2012 13 (August 30, 2012) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Genesis specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures Furthermore, it does not relieve Genesis of its obligation to comply with all the statutory or regulatory provisions governing the Title IV, HEA programs

This report reflects initial findings These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter

C Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by Genesis to bring operations of the financial aid programs into compliance with the statutes and regulations

Finding 1 Student Status – Untimely/Inaccurate National Student Loan Database System (NSLDS) Reporting

Citation Federal regulations stipulate that an institution shall—

- (1) Upon receipt of a student status confirmation report form from the Secretary or a similar Student Status Confirmation Report (SSCR) form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency as appropriate, and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days
 - a If it discovers that a Federal Stafford, Supplemental Loan for Students (SLS) or PLUS loan has been made to or on behalf of a student who enrolled at that institution but who has ceased to be enrolled on at least a half time basis
 - b If it discovers that a Federal Stafford SLS or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that institution, but who failed to enroll on at least a half-time basis for the period for which the loan was intended
 - c If it discovers that a Federal Stafford, SLS or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis, or
 - d If it discovers that a student who is enrolled and who has received a Federal Stafford or SLS loan has changed his or her permanent address

At scheduled times during the year, not less than semiannually, the NSLDS sends roster files electronically to the institution (or its designated servicer) through its Student Aid Internet Gateway (SAIG) mailbox. The file includes all the institution's students who are identified in NSLDS as Federal Stafford (Direct and FFEL) borrowers or the beneficiaries of a PLUS loan. The file is not necessarily connected to loans made at the institution—the institution must also report information for students who received some or all their Title IV, HEA loan funds at other institutions but are currently attending the reporting institution. The institution (or servicer) must certify the information and return the roster file within 30 days of receiving it. The institution may also go to www nsldsfap ed gov, and update information for students online. The institution is required to report changes in the student's enrollment status, the effective date of the status.

and an anticipated completion date. Changes in enrollment to less than half time, graduated, or withdrawn must be reported within 30 days. However, if a roster file is expected within 60 days the institution may provide the data on that roster file. 34 C F R § 682 610(c) 2011/12 and 2012/13 Federal Student Aid Handbook Volume 2 Chapter 3

Noncompliance Upon a student's separation from an institution, the institution is required to update and submit an SSCR to the Secretary or guaranty agency within the regulatory time frame or the institution may update the student's enrollment status online. In 5 of 22 borrowers requiring enrollment status changes. Genesis failed to submit an SSCR report to the Secretary or update the borrower's status in NSLDS within the required 30-60 days time frame.

Student 2 Genesis reported the student's most recent status in NSLDS as withdrawn effective 03/02/12 The enrollment information in NSLDS was reported on 07/19/12, at least 77 days late

Student 3 Genesis reported the student's most recent status in NSLDS as withdrawn, effective 04/19/12 The enrollment information in NSLDS was reported on 07/19/12, at least 30 days late

Student 7 Genesis reported the student's most recent status in NSLDS as withdrawn, effective 12/05/11 The enrollment information in NSLDS was reported on 07/18/12, at least 165 days late

Student 11 Genesis reported the student's most recent status in NSLDS as leave of absence (LOA), effective 06/18/12 while the LOA form in the student's file shows 05/10/12

Student 15 Genesis reported the student's most recent status in NSLDS as withdrawn effective 05/02/12 The enrollment information in NSLDS was reported on 07/18/12, at least 60 days late

Required Action In response to this finding, Genesis is required to update NSLDS Enrollment Summary for the borrowers cited above and review the current enrollment status of all Federal Loan borrowers at the institution to ensure that the proper enrollment status has been reported for each borrower Additionally Genesis must review and revise, if necessary its current procedures to ensure that all enrollment status changes will be reported timely and accurately in the future A detailed discussion of the review and revisions must accompany Genesis' response to this program review report

Finding 2 Early Disbursement of Title IV Funds

Citation Federal regulations stipulate that an institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with

(1) Funds received from the Department,

- (11) Funds received from a lender under the FFEL Programs, or
- (111) Institutional funds used in advance of receiving Title IV, HEA program funds

An institution must disburse Title IV, HEA program funds on a payment period basis 34 CFR 5668164(a)(b)

If a student is enrolled in a clock hour educational program, the earliest an institution may disburse Title IV. HEA program funds to a student or parent for any payment period is the later of

- (1) Ten days before the first day of the payment period, or
- (11) The date the student completed the previous payment period for which he or she received Title IV HEA program funds $34 CFR \le 668 164(f)(2)$

For an eligible program that measures progress in clock hours and is more than one academic year in length, for the first academic year, and any subsequent full academic year the first payment period is the period of time in which the student successfully completes half of the number of clock hours in the academic year and half of the number of weeks of instructional time in the academic year. The second payment period is the period of time in which the student successfully completes the academic year. $34\ C\ F\ R\ \S\ 668\ 4(c)(2)(i)$

For any remaining portion of an eligible program that is more than half an academic year in length but less than a full academic year in length, the first payment period is the period of time in which the student successfully completes half the number of clock hours in the remaining portion of the program and half the number of weeks of instructional time remaining in the program. The second payment period is the period of time in which the student successfully completes the remainder of the program $34 \ C \ F \ R \ \S 668 \ 4(c)(2)(u)$

Noncompliance In one student file, Genesis made early disbursements of Title IV, HEA program funds prior to the period of time in which the student was eligible to receive those funds

Student 6 The financial aid file shows that the student enrolled in the 1500 clock hours Cosmetology Program on 12/13/11 The institution defines its academic year as 900 clock hours and 30 weeks in length. The first payment period was scheduled from 0.450 clock hours. The second payment period was scheduled from 451 to 900 clock hours. The student's attendance records and the Common Origination & Disbursement System (COD) show that the student was disbursed his second Federal Pell Grant in the amount of \$2,775 at the 430.11 clock hour mark. Furthermore, the attendance records and COD show that the student was disbursed his second. Federal Stafford Loans for \$1,750 and \$2,448 at the 443.51 clock hour mark on 05/24/12. In both cases, Genesis made the second disbursements prior to the period of time in which the student was eligible to receive those funds.

Required Action Genesis is encouraged to review and revise, if necessary its policies and procedures to ensure that Title IV, HEA Program funds are not disbursed prior to a student successfully completing the necessary clock hours and educational weeks necessary to receive a particular Title IV, HEA disbursement. No further action is required

Finding 3 Student Late Credit Balance Deficiency

Citation Federal regulations state that whenever an institution disburses Title IV, HEA program funds by crediting a student's account, and the total amount of all Title IV HEA program funds credited exceeds the amount of tuition and fees room and board, and other authorized charges the institution assessed the student the institution must pay the resulting credit balance directly to the student or parent as soon as possible but-

- 1 No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period or
- 2 No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of that payment period 34 C F R § 668 164(e)

Noncompliance In one instance, Genesis failed to comply with the 14 days credit balance regulation by disbursing a credit balance late

Student 2 The student's account ledger shows that she received \$2 775 in Federal Pell Grant funds on 12/05/11, \$1,742 in Federal Direct Subsidized Loan (FDSL) and \$2,985 in Federal Direct Unsubsidized Loan (FDUL) funds on 01/18/12 The combined disbursements, less outstanding charges of \$6 477, created a credit balance of \$1,025 as of 04/06/12 According to the student's ledger, the credit balance was disbursed on 05/31/12, making the credit balance eight days late beyond the 05/23/12 due date

Required Action It appears that the late credit balance is an isolated case, as such, no further action is required. However, Genesis is encouraged to review and revise, if necessary, its policies and procedures for monitoring Title IV. HEA credit balances to ensure that all credit balances are disbursed in a timely manner in the future.

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Finding 4 Federal Direct Stafford Loan Overaward – Financial Need Exceeded

Citation An institution may only award and disburse Title IV, HEA funds to a student or a parent if those funds, combined with the other resources the student receives, are not in excess of the student's financial need. The Free Application for Federal Student Aid (FAFSA) collects financial and other information that is used to calculate the student's Expected Family Contribution (EFC) and confirm the student's eligibility for Title IV aid. According to $34\ C\ F\ R\ 5\ 685\ 201(a-b)$ a student borrower must generally complete the FAFSA, and then the school determines the student's eligibility for a Federal Direct Subsidized Loan or a Federal Direct Unsubsidized Loan. In the case of a parent who wishes to obtain a Federal Direct PLUS Loan the parent must complete the Federal Direct PLUS Master Promissory Note (MPN) and submit it to the school at which the student is enrolled. For a graduate or professional student who wishes to obtain a Federal Direct PLUS Loan, the student must complete a FAFSA and submit it in accordance with instructions in the application. A graduate or professional student must also complete the PLUS MPN and submit it to the school

Always, a school may not award or disburse Title IV, HEA funds in an amount that exceeds the student's cost of attendance budget and financial need

Noncompliance In one instance, Genesis awarded and disbursed a Federal Direct Subsidized Loan that exceeded the student's financial need

Student 17 The student's budget worksheet for the period 06/19/12 to 06/27/13 shows \$16,710 as the cost of attendance (COA) and 18236 as the expected family contribution (EFC) for the 2012-13 award year. At the time of the program review, COD confirms that Genesis disbursed \$1,750 in FDSL funds to the student on 08/02/12. In addition, COD shows two FDUL disbursements of \$3,000 and \$3,000 pending to be disbursed on 08/02/12 and 10/05/12 respectively. Because the student does not have an unmet need based on a comparison of his COA and EFC, he is not eligible to receive need-based Federal financial assistance.

Required Action Genesis reclassified the FDSL disbursement to an FDUL disbursement during the on-site program review. Therefore, no further action is required. However, Genesis is encouraged to review and revise, if necessary, its policies and procedures to ensure that, in the future, students will not receive need-based Federal aid in excess of financial need determined by the student's COA and EFC.

Finding 5 Federal Funds Not Identified In Bank Account

Citation Federal regulations require that an institution maintain Title IV, HEA program funds in a bank or investment account that is federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. For each bank or investment account that includes Title IV, HEA program funds, a public institution must clearly identify that Title IV,

HEA program funds are maintained in that account by either (a) including in the name of each account the phrase Federal Funds", or (b) notifying the bank or investment company of the accounts that contain Title IV, HEA program funds and retaining a record of that notice and, except for a public institution, filing with the appropriate State or municipal government entity a UCC-1 statement disclosing that the account contains Federal funds and maintaining a copy of that statement $34 \ CFR \ 668 \ 163(a)$

Noncompliance The name of Genesis bank accounts used for drawdowns of Title IV HEA funds from the Department's Grants Management System (G5) does not include the exact phrase "Federal Funds" in the account name

Required Action Genesis changed the name on the institution's bank accounts to "Federal Funds" during the program review. This finding was also cited in the Genesis Career College-Cookeville campus program review which was conducted the week of August 20, 2012. No further action is required.

Finding 6 Failure to Separate and Report All Statistical Data in Annual Campus Security Report

Citation By October 1st of each year, an institution must publish and distribute its annual Campus Security Report 34 C F R § 668 46(b) It must be distributed to all enrolled students and current employees directly by publications and mailings. If an institution chooses to fulfill this requirement by posting the crime report on an Internet or Intranet Web site, an individual notice of such posting must be distributed to each student and current employee. On request, an institution must provide its annual campus security report to a prospective student or prospective employee. As required by Federal regulations, an annual security report must contain, at a minimum

- (1) Crime statistics as defined in $34 CFR \ § 668 46(c)$ of the Federal regulations,
- (2) A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus,
- (3) A statement of current policies concerning security of and access to campus facilities, including campus residences and security considerations used in the maintenance of campus facilities,
- (4) A statement of current policies concerning campus law enforcement that addresses the enforcement authority of security personnel, encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies, and describes procedures if any, that encourage pastoral counselors and professional counselors, if they deem it appropriate to inform the persons they are counseling of any procedures to report crimes on a voluntary confidential basis for inclusion in the annual disclosure of crime statistics,

- (5) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others,
- (6) A description of programs designed to inform students and employees about the prevention of crimes,
- (7) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities
- (8) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws,
- (9) A statement of policy regarding the possession use, and sale of illegal drugs and enforcement of Federal and State drug laws,
- (10) A description of any drug or alcohol-abuse education programs, as required under section 120(a) through (d) of the HEA. For the purpose of meeting this requirement, an institution may cross reference the materials the institution uses to comply with section 120(a) through (d) of the HEA, and
- (11) A statement of policy regarding the institution s campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs

When compiling the Campus Security Report an institution must, among other requirements, report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non campus buildings or property, and on public property of the following that is reported to local police agencies or to a campus security authority

(12) Criminal homicide

- a Murder and non-negligent manslaughter
- b Negligent manslaughter

(13) Sex offenses

- a Forcible sex offenses
- b Non-forcible sex offenses
- (14) Robbery
- (15) Aggravated assault
- (16) Burglary
- (17) Motor vehicle theft
- (18) Arson
- (19) Arrests for liquor law violations, drug law violations, and illegal weapons possession
- (20) Persons not included in (19) who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession

An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority. An institution must also among other factors provide a geographic breakdown of the crime statistics according to the following categories (1) on campus, (2) in or on a non-campus building or property, (3) on public property. Further, the required statistics may not include the identification of the victim or the person accused of committing the crime.

Noncompliance Genesis failed to separate and report all statistical data in the Annual Campus Security Report More specifically, Genesis failed to separate the burglary and larceny crimes and report the hate crimes

Required Action Genesis updated the Annual Campus Security Report during the program review. This finding was also cited in the Genesis Career College-Cookeville campus program review, which was conducted the week of August 20 2012. No further action is required

D Recommendation

The following is a recommendation based upon observations made by the review team during the on campus visit. Genesis is not required to provide a response to, nor is Genesis required to act upon this recommendation. However, the review team believes that adoption of this recommendation will assist the institution in its procedures for processing Return of Title IV. Funds worksheets (R2T4) and provides an accurate date the form was completed.

On the R2T4 worksheet line item, Date Form Completed, Genesis' procedure is to use a future date rather than the actual date the form was completed. Although there is no liability and no other effect to the amount of Title IV funds Genesis or the student should return to the Title IV Program, it is recommended that Genesis use the actual date the form was completed rather than the last date the refund should be returned to the program. The date form completed was incorrect on the following students' R2T4 worksheets 2, 3, 4 6, 7, 10 11 and 15

E Appendix

Genesis Career College Student Samples

Appendix A

2011/12 Award Year

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2012/13 Award Year

16	(b)(6); (b)(7(C)
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